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Hon. Dr Merrilee Fullerton
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Re: Disaster Recovery Assistance for Ontarians

West Carleton has unfortunately become somewhat expert in the Disaster Recovery Assistance for Ontarians program; I served as Director of West Carleton Flood Relief in 2017 and now, after the tornado, am Secretary of WC Disaster Relief. Our experience tells us that some very specific policies in the Program's delivery cause it perform badly for small business, farmers, many seniors, and modest income homeowners. As the Program is currently applied, the probability of these demographics failing is significant. We think that with some minor tuning it could be much more effective.

We sincerely appreciate the government's very timely support to date and ask, on behalf of the survivors of this extraordinary event and those that will follow in the future, that you consider the 13 minor modifications attached.

Thank You,

Len Russell

cc. Board, WCDR
Eli El-Chantiry

<u>To restore the Farm/Small Business sector to viability after a disaster the Program needs to</u>:

1) Eliminate the claw back of Insurance payments in the Farm/Business application;
    a. The Business cap is fixed at $250K and the Insured payout is deducted from the DRAO eligibility,
    b. Diligent Farms & Businesses who carry a level of insurance that anticipates a partial loss of assets due to fire etc. are effectively penalized and left no better off than the farmer/business with no insurance
2) Have some upward payout variability in the Farm/Business application based on criteria such as Capital Cost, Revenue, Expense and/or net income;
    a. The $250K Business cap is not enough to restore most farms or small/medium businesses to a point where they can grow into their previous revenue and job capacity,
    b. The current payout cap , in our experience, will result in reduced business income and job losses,
3) Allow home based businesses to attribute part of the Farm/Business payout to the capital cost of home repair/reconstruction, perhaps based on the T4 space/expense allocation;
    a. Home offices, workshops, etc are not eligible spaces under the Residential application and the Business application does not recognize the home as an eligible structure,
    b. The Program enables the replacement of business equipment, furnishings, and supplies but not space required for the business to re-establish,
4) Include alternate eligibility criteria in the Farm/Business application other than net income so that new/start-up farms and businesses are covered, perhaps based on asset purchase price, reported capital costs/expenses;
    a. Currently the criteria is based on reported net income in prior years of $10k to $2,000K,
    b. The Program is declining business applications even though they meet Revenue Canada requirements,
    c. The eligibility criteria could be further expanded to include the existence of other farm or business characteristics; eg. Farm Insurance, Membership in an Agriculture Society or BIA, etc,
5) Provide over-lapping or top-up coverage with insurance in the Farm/Business application for costs incurred to replace assets that were partially insured or insured at a depreciated value rather than a market value;
    a. Currently the Program will not consider the difference between an insurance payout and the market cost to replace an asset; eg. Assets that have very long usable life expectancies, like farm machinery, may be depreciated far below their replacement value,
6) Include a duration of eligibility (eg. 2 months) for occupancy & fixed costs (eg. utilities, taxes, leases/rentals, rent, wages) which a farm/business incurs when it’s operations are interrupted due to disaster damage
    a. Operating costs that the business owner would normally have to pay are not eligible,
    b. Allowing a claim for operating costs incurred helps ensure business viability during the assessment, repair and/or relocation phase,

7) Include a duration of eligibility for lost income from self employment in the Farm/Business application for cases where the property that houses the business has been impacted by the disaster and business operations cannot continue;
    a. Currently lost income is not eligible,

To protect seniors, and modest income homeowners the Program needs to:

8) Provide higher payout ratios for low income/high debt ratios in the Homeowner Application;
    a. Currently the payout ratio is fixed at 90%, or less, and the only low income measure is to waive the $500 DRAO deductible.
    b. To access the full $250K payout a claimant must be able to absorb at least $28K of expense. For rural applications, the impact is up to $45K due to depreciation of well and septic systems.
    c. Modest income families and recent home buyers usually don't have access to the additional credit required to access DRAO and are left paying a mortgage on an asset that no longer exists and rent for a place to live; the eventual outcome is bankruptcy or homelessness,
9) Expand eligibility for necessary repairs or rebuilding of common areas and architecturally necessary additional spaces in the Homeowner Application;
    a. Currently the Program will repair or rebuild a minimal number of rooms (eg 1 bedroom/occupant) and will not cover restoration/rebuild of common areas such as hallways to reach those rooms or other rooms in a pre-existing footprint Eg. The Program may repair a basement bedroom for an occupant but not the hallway to reach the bedroom or only pay to rebuild 2 bedrooms on a foundation built for 4.

The Program should make the following changes for all applications:

10) Include eligibility for insurance deductibles paid;
    a. Currently insurance deductibles are not eligible; many homeowners are paying two while farms & business may pay four significant deductibles,
    b. The current rules mean that a diligent insured person or business may pay out several thousand dollars more than a person with equal damage and no insurance.
11) Review and Revise the depreciated value and reduced payout ratio exceptions;
    a. Currently the Program applies depreciation to all business assets, machinery, vehicles, and equipment, resulting in significant gaps between the payout and the actual like for like replacement cost.
    b. Where possible the Program should apply Blue Book type value assessments rather than a depreciation formula to business assets, machinery, vehicles, and equipment,
    c. The Program has exceptions where reduced payout rates are applied on non-optional assets (eg. Septic systems, wells) which is perceived as a bias/punitive measure as they cause hardship exclusively to rural residents.
12) Provide cash advances for eligible applicants;
    a. Currently, until a building permit is obtained and reviewed by the adjuster payments are only made for incurred expenses. The cost of the professional services required in the

pre-permit phase can be an insurmountable obstacle for claimants. While build advances are available the finishing phases move back to being post paid.

b. These issues extend the recovery process, increase the likelihood of failure, and cause hardship for many applicants,
c. Delays in initiating the cleanup and recovery can cause additional cost to be incurred and medical complications from prolonged exposure to things like mold. Mold is a significant issue in both flood and storm damage,
d. The payment of advances should be the standard practice once eligibility is established,

13) Review and Revise the list of ineligible architectural features;

a. Currently exterior features such as break-walls are not eligible; this creates the scenario where a home is repaired but the wall that protects it is not.